

WEEKLY ECONOMIC REVIEW

May 4, 2007

After growing 0.1% in January, the Canadian economy advanced by 0.4% in February. The increase was led by energy and utilities. Gains in wholesale trade, manufacturing and financial services were offset by declines in construction, retail trade and transportation.

U.S. manufacturing orders rose 3.1% in March, the largest increase in a year. The Institute of Supply Management (ISM) manufacturing index jumped to 54.7 in April, after hovering around 50 for the past six months. The ISM service index also increased by a larger than expected 3.6 points to 56 in April, following declines in the past few months.

U.S. labour markets may be easing. U.S. non-farm employment increased by 88,000 in April, the slowest pace in more than two years. Employment declined in construction, manufacturing, retail trade and financial services. The unemployment rate rose slightly to 4.5% in April from 4.4% in March.

Wage pressures, which have concerned U.S. Federal Reserve Board officials, appear to be moderating. U.S. average hourly earnings rose by 0.2% from the previous month and by 3.7% from the same month a year ago, the slowest annual increase in a year.

Cdn Dollar (Ct/US\$)

May 4, 2007	90.3 ¢
Apr 27, 2007	89.7¢
2007-08	88.5¢

WTI Oil US\$/bbl

May 3, 2007	\$63.19
Apr 26, 2007	\$65.06
2007-08	\$64.11

Nymex Natural Gas C\$/mcf^{*}

May 4, 2007	\$8.78
Apr 27, 2007	\$8.54

^{*}Estimate based on Nymex Futures Market Price

Oil prices retreated this week on signs that U.S. supplies should be sufficient to meet gasoline demand in the coming months. However, natural gas prices increased on concerns that a hot summer will increase demand and hurricanes may disrupt supplies.

Inflationary pressures continue to mount in Canada. Both the raw materials and industrial product price indexes posted strong gains because of rising commodity prices.

The Canadian dollar rose above 90 cents US this week, fuelled by mergers and acquisitions in the mining sector, strong commodity prices and weak global sentiment on greenback.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month (Y/Y)	Year-to-date ¹
Canadian Real GDP (annualized, millions of 1997 dollars)	February			
	1,108,217	0.4%	2.1%	n/a
Industrial Product Price Index (1997=100)	March			
Canada	117.9	1.3%	4.8%	4.0%
Raw Materials Price Index (1997=100)				
Canada	167.2	1.4%	9.7%	7.2%
Employment (Thousands)	April			
United States	137,684	0.1%	1.4%	1.5%

Source: Statistics Canada

¹Year-to-date 2007 compared to the same period in 2006.

Alberta Finance